

CENTRAL INTELLIGENCE AGENCY

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SECURITY INFORMATION

INFORMATION REPORT

REPORT

CD NO.

50X1-HUM

COUNTRY East Germany

DATE DISTR. 23 July 1952

SUBJECT Boiler Pipes and Boiler Plate Requirements of
the East German railroads

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1. The most urgent requirement of the East German railroads as of April 1952 was boiler pipes. The East German railroad administration was willing to take any quantity and to pay almost any price. It was even prepared, as a last resort, to accept seamless gas pipes. After boiler pipes, the most urgent requirement was 25-mm. boiler plate. Of these the railroads also desired unlimited quantities. If necessary, they would also have accepted 4.1-meter plates and welded them together in place of the standard 14.2-meter plate.
2. In the case of both boiler pipes and plate, the railroads insisted on delivery within 30,45, or, at the very latest, 60 days. They were willing to pay higher prices for delivery with 30 days.
3. The railroads were so anxious to obtain these top priority requirements that they were prepared to pay the purchase price in advance. They were offering DDR steel scrap as barter.
4. The railroad administration has been obtaining small quantities of boiler pipes from Metalimpex, Budapest, via a Western intermediary, without realizing their Hungarian origin. However, these pipes are of a very inferior quality. Of about 200 tons delivered by late April 1952, 40 tons were rejected for one or more of the following reasons:
 - a. The external diameter was anything up to 149 mm, instead of the stipulated 146 mm;
 - b. The thickness of the wall was anything up to 7 mm, instead of 4.5 mm;
 - c. The pipes were not round;
 - d. The material was inferior to ST 3712.

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5. The China Export Corporation of Berlin also made the following recent deliveries of boiler pipes to the railroads:
 - a. 100 tons bought via a Western procurement agent at \$420, and resold to the railroads at \$397 per ton (i.e., a loss to the Corporation of \$23,000);
 - b. About 300 tons bought by the China Export Corporation from Mr. Sternberg of Southampton, and said to be British merchandise of inferior quality.
6. The China Export Corporation deliveries described above were made under an agreement by which the Corporation obtained DDR export sugar against a promise to deliver boiler pipes to the railroads. The Corporation sold this sugar for \$1,200,000, most of which it misappropriated for its own uses. The ensuing dispute between the Corporation and the railroads was settled at a recent conference between Richard Staimer, deputy director-general of the DDR railroads, Ernst Ramlow of the China Export Corporation, and Erwin Kerber, State Secretary for Material Procurement of the DDR State Planning Commission. At this conference, Kerber stressed that a quarrel between the China Export Corporation and the railroads should be avoided at all costs and promised to obtain financial assistance for the Corporation.
7. To help fill the requirements of the railroads, Staimer would like to establish an agent of his own in Zurich, one whom he could trust sufficiently to justify a policy of paying in advance. However, as of the end of April 1952, he had been unable to find a suitable candidate for this post. The DDR Ministry for Foreign Trade was also considering the possibility of opening an office in Zurich but was having the same trouble in finding a suitable official to head it.

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